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Federal Communications Commission
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July 7, 1992

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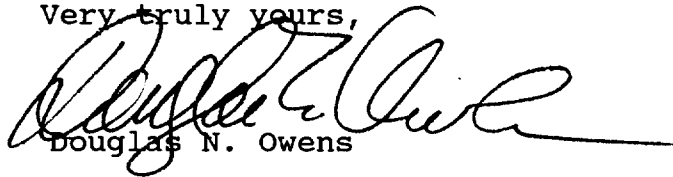
Ms. Donna Searcy, Secretary
Federal Communications Commission
Washington, D.C. 20554

Re: *In the Matter of Billed Party Preference for 0+ InterLATA
Calls*, CC Docket No. 92-77

Dear Ms. Searcy:

Enclosed are the original and nine copies of the Comments of
the Northwest Pay Phone Association opposing Billed Party
Preference in the above docket. Please accept the same for filing.

Very truly yours,


Douglas N. Owens

cc: Ray Orme

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Before the
FEDERAL COMMUNICATIONS COMMISSION JUL 7 1992
Washington, D.C.

Federal Communications Commission
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In the Matter of)
)
Billed Party Preference)
for 0+ InterLATA calls)

CC Docket No. 92-77

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COMMENTS OF THE NORTHWEST PAY PHONE ASSOCIATION

OPPOSING BILLED PARTY PREFERENCE

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July 7, 1992

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Billed Party Preference)
for 0+ InterLATA calls)

CC Docket No. 92-77

COMMENTS OF THE NORTHWEST PAY PHONE ASSOCIATION

OPPOSING BILLED PARTY PREFERENCE

The Northwest Pay Phone Association ("NPPA"), pursuant to §§1.415 and 1.419 of the Rules and ¶54 of the Notice issued May 8, 1992 in this Docket,¹ submits its comments opposing the proposed implementation of a system for routing 0+ and/or 0+ and 0- interLATA traffic originated from pay telephones, public telephones or any telephones, to the operator service provider preselected by the party paying for the call through a ballot mechanism as was used for 1+ presubscription. NPPA believes that this proposal has been rendered moot as a response to consumer complaints by subsequent legislative and regulatory action. NPPA also believes that the proposal would not reduce customer confusion and it would result in the loss of consumer benefits as the 0+ traffic concentrates in one or a few large interexchange carriers.

I. SUMMARY

The NPPA believes that the proposal in the Notice to require all 0+ and 0- traffic to be routed to the OSP preselected by the party paying for the call through balloting is a solution in search

¹In the Matter of Billed Party Preference for 0+ InterLATA Calls, Notice of Proposed Rulemaking, FCC 92-169, released May 8, 1992.

of a problem. The proposal adds nothing to customers' choices. Events subsequent to Bell Atlantic's 1989 petition have rendered the proposal moot as a solution to the problem of frustration of customer choice by actions of individual pay telephone providers. The NPPA believes that the proposal wrongly attributes no value to the existing commission system which the proposal would clearly destroy. The NPPA also believes that the proposal would concentrate operator services revenues in the hands of one or a few large interexchange carriers to an even greater extent than is the case now, and that the asserted public interest benefits of the proposal are minimal in comparison to these public interest detriments.

II. STATEMENT OF INTEREST

The NPPA is a nonprofit association of competitive payphone owners (PPOs). NPPA's headquarters is located at 6354 6th Ave. S., Seattle, Washington 98104. The members of NPPA include larger as well as smaller PPOs with operations in one or more of the states of Washington, Oregon and Idaho. The members of NPPA earn commissions from 0+ calls made on their equipment. They in turn pay commissions to site owners for the privilege of locating their pay telephones on business premises for use by the public. Some members use "store and forward" (SAF) technology in their pay telephones, which allows call processing to occur within the pay telephone, including the storage of the calling card number for later use in billing the customer. The members of NPPA are directly affected by the proposal to require 0+ and 0- interLATA

traffic to be routed to the operator services provider ("OSP") preselected by the party paying for the call through balloting, rather than the provider preselected by the party paying for the access line through balloting.

III. THE PROBLEM THE PROPOSAL ADDRESSES IS MOOT.

The proposal in the Notice to require all 0+ and 0- interLATA traffic to be routed to the OSP preselected by the party paying for the call through balloting, rather than the OSP preselected by the party paying for the access line, is apparently based in part on the premise that the measures recited ¶¶7-8 of the Notice are ineffective in dealing with the problem of customer confusion and frustration about dialing requirements from public phones described at ¶6 of the Notice. There is no basis for this premise. The proposal adds nothing to the choices that are now available to users of public or other telephones.

At the very least, the perception that the existing measures to address customer confusion and dissatisfaction are ineffective, is premature. Unblocking of access has only recently been implemented as a requirement. The rules the Commission adopted in *In the Matter of Policies and Rules Concerning Operator Service Providers*, CC Docket No. 90-313, Order April 22, 1991, 6 FCC Rcd. 2314, Order on Reconsideration June 18, 1992, are also quite new. The effect of these rules and TOCSIA is to provide three methods by which users of public telephones or any telephones, can reach their preferred carriers regardless of the presubscribed carrier of the

telephone being used.² The effect of these rules is also to provide disclosure to the calling public of the identity of the OSP that is providing service, both by audible branding and by posting of signage. It has not been shown that these significant measures are ineffective to permit callers to route their traffic to the OSPs of their choices. Indeed, the extensive advertising campaign of AT&T to educate consumers about the use of access codes, is an indication that consumers' attitudes about using the telephone system are perceived as changeable by the largest OSP.

The proposal would jettison the years of work that went into these rules and make the investment that was required to ensure compliance with the branding requirements so recently discussed in the Order on Reconsideration in CC Docket No. 90-313, irrelevant. The proposal would commit the industry to an expensive, years-long implementation of a new system, without evidence that the existing system is broken.

IV. THERE IS PUBLIC VALUE IN THE EXISTING COMMISSION SYSTEM

The Notice acknowledges frankly that the proposal's implementation will end the payment of commissions on 0+ traffic. The Notice asserts that this is a salutary goal that redirects competition to improvements in service and lower prices and away from the payment of commissions to site owners.³ The NPPA believes that the elimination of commissions on interLATA 0+ and 0-traffic would substantially change the economics of the placement

²E.g., 800 numbers, 950 numbers and 10XXX access.

³Notice, at ¶¶13, 19.

of public telephones for many site owners, and that this would not be in the interest of the calling public.

While today the site owner has a direct financial incentive to make public telephones available, under the proposal the public telephone and the space it occupies will largely revert to an item of overhead. The calling public benefits from the convenience of ubiquitous public telephones. That convenience has a price tag. Public telephones compete for space with other uses in many business locations. If the site owners lose the commissions on 0+ and 0- traffic, those other than hotels, airports and other entities for which public telephones are an essential, may well reduce the availability of public telephones.

V. THE PROPOSAL WOULD CONCENTRATE THE MARKET.

The Notice seeks comment on the impact on providers of pay telephones of the proposal. It is clear that "smart" or "store and forward" telephones as currently configured, would be unable to function under the proposal, and would be obsoleted by the proposal. The "smart" telephone would have to be able to interact with the LEC's OSS. The telephone would have to be able to decide once the carrier preference of the billed party were determined by the LEC, if it were the OSP with which that "smart" telephone interconnected. The telephone would then have to be able to either hand the call off to the LEC or to the OSP that the telephone connected with, and in the latter case validate the billing information and record appropriate call data for later use in billing. In each situation, the telephone would have to be able to

make the appropriate branding decision. These capabilities are beyond those of the current generation of "smart" telephones.

In addition, the proposal would tend to concentrate the market in the hands of a few large providers of operator services. The Notice states that the proposal may increase market parity and would permit the selection of small regional OSPs as one of two presubscribed 0+ carriers for each line.⁴ The balloting proposal would default non voting customers to the presubscribed 1+ carrier, which is in most cases, AT&T.⁵ As a practical matter, the NPPA believes that the economic impact on independent public telephone providers of the routing of just AT&T's embedded base of 0+ and 0- traffic to AT&T would render balloting by small OSPs academic as a means to avoid such concentration. Even if the compensation plan prescribed in *In the Matter of Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, CC Docket No. 91-35, FCC 92-170, Second Report and Order, May 8, 1992 were expanded to include 0+ and 0- calling, and if per-call compensation rather than per-month per-access line compensation were prescribed, the NPPA believes that the difference in compensation would be sufficiently great that many independent providers of public

⁴Notice, at fn. 16 and ¶20. It seems anomalous that a system that would involve customers' finding out in what regions of the country various OSPs operate, presubscribing two for each line, having other presubscribed OSPs for IXC-issued cards and determining that the branding that appeared as signage on the pay telephone would not necessarily control, could be described as a simplification of the existing arrangement from the customer's viewpoint.

⁵Notice, at ¶17.

telephones would cease operating.

VI. CONCLUSION

The NPPA submits that billed party preference is an idea whose time has not come. The Commission should at least allow the initiatives it has already undertaken in the name of eliminating customer confusion and dissatisfaction with public telephone dialing an opportunity to function, before scrapping them in favor of an expensive, long-term program of unproven public value. The proposal to route all 0+ and 0- traffic to the OSP preselected by the party who pays for the call through balloting, would impose social costs in the reduction of availability of public telephones that would outweigh the slight gain in convenience consumers would realize from not having to dial access codes in those few instances where access codes are necessary.

Respectfully submitted,

NORTHWEST PAY PHONE ASSOCIATION

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